

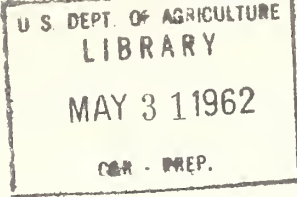
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Growth Through Agricultural Progress



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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

FARM-MORTGAGE LENDING EXPERIENCE OF TWENTY-ONE LIFE
INSURANCE COMPANIES, THE FEDERAL LAND BANKS, AND THE FARMERS
HOME ADMINISTRATION, JULY THROUGH SEPTEMBER 1961 1/

Prepared in the Farm Economics Division

About \$263 million in farm-mortgage loans were made by 21 life insurance companies, the Federal land banks, and the Farmers Home Administration during the quarter ended September 30, 1961. This was a third greater than the amount loaned during the same quarter of 1960. Payments of mortgages amounted to nearly \$131 million, up 19 percent from a year earlier. At the end of the quarter, the farm-mortgage loans held by these lenders were 8.7 percent greater than a year earlier.

Each of the three groups of institutions made a larger volume of farm-mortgage loans in the third quarter of 1961 than in the third quarter of 1960, and each increased its outstanding farm-mortgage loans during the year ended September 30, 1961. The largest percentage increases in new loans and outstandings were made by the Farmers Home Administration; the smallest by the life insurance companies.

Combined data for the life insurance companies and the Farmers Home Administration show a small increase in the number of farm mortgages in process of foreclosure on September 30, 1961, compared with a year earlier. However, such mortgages accounted for only one-tenth of 1 percent of the principal amount of the farm mortgages held by these lenders. More of the farm mortgages held by the life insurance companies were delinquent at the end of the third quarter of 1961 than a year earlier, but fewer of the mortgages held by the Farmers Home Administration were behind schedule as to amortization payments.

More than half of the amount of farm-mortgage loans for which the life insurance companies made commitments during the third quarter of 1961 bore an interest rate of 6 percent per annum. Most of the remaining commitments were made at rates of 5 1/2 and 5 3/4 percent.

1/ Information for April through June 1961 was not issued in this series.

Table 1.- Life insurance companies: Farm-mortgage loans, 21 companies, United States, selected quarters, 1960 and 1961

Item	Quarter ending-			Percentage change, quarters ending-	
	Sept. 30, 1960	June 30, 1961	Sept. 30, 1961	Sept. 30, 1960, and Sept. 30, 1961	June 30, and Sept. 30, 1961
				Percent	Percent
<u>Beginning of Quarter</u>					
Mortgages owned:					
Number-----	194,516	193,540	194,065	-0.2	0.3
Principal indebtedness:					
Total-----1,000 dollars--	2,723,226	2,809,875	2,880,827	5.8	2.5
Average-----dollars--	14,000	14,520	14,850	6.1	2.3
<u>During Quarter</u>					
Mortgages acquired:					
Number-----	2,726	3,890	2,880	5.6	-26.0
Principal indebtedness:					
Total <u>1</u> /-----1,000 dollars--	66,559	110,121	78,624	18.1	-28.6
Average <u>2</u> /-----dollars--	21,960	23,270	23,420	6.6	.6
Increase in principal of mortgages already owned <u>2</u> /-----1,000 dollars--	10,950	18,368	19,042	73.9	3.7
Payments on principal of mortgages:					
Mortgages paid in full:					
Number-----	2,513	3,357	2,784	10.8	-17.1
Amount:					
Total <u>3</u> /-----1,000 dollars--	25,673	35,684	30,979	20.7	-13.2
Average <u>4</u> /-----dollars--	9,360	9,950	10,180	8.8	2.3
Other <u>4</u> /-----1,000 dollars--	19,289	21,791	19,598	1.6	-10.1
Total-----do-----	44,962	57,475	50,577	12.5	-12.0
Percent of principal indebtedness, beginning of quarter-----	1.7	2.0	1.8	---	---
Mortgages on farm properties acquired by foreclosure and voluntary conveyance:					
Number-----	2	4	3	50.0	-25.0
Principal indebtedness:					
Total-----1,000 dollars--	25	62	45	80.0	-27.4
Average-----dollars--	12,500	15,500	15,000	20.0	-3.2

See footnotes at end of table.

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Table 1.- Life insurance companies: Farm-mortgage loans, 21 companies, United States, selected quarters, 1960 and 1961 -Continued

Item	Quarter ending-			Percentage change, quarters ending-	
	Sept. 30, 1960	June 30, 1961	Sept. 30, 1961	Sept. 30, 1960, and Sept. 30, 1961	June 30, and Sept. 30, 1961
<u>End of Quarter</u>				<u>Percent</u>	<u>Percent</u>
Mortgages owned:					
Number <u>5</u> /-----	194,725	194,065	194,154	-0.3	<u>6</u> /
Principal indebtedness:					
Total-----1,000 dollars--	2,755,748	2,880,827	2,927,871	6.2	1.6
Average-----dollars--	14,150	14,850	15,080	6.6	1.5
Mortgages in process of foreclosure:					
Number-----	74	83	80	8.1	-3.6
Percent of total-----	<u>6</u> /	<u>6</u> /	<u>6</u> /	---	---
Principal indebtedness-----1,000 dollars--	1,760	1,582	2,079	18.1	31.4
Percent of total-----	.1	.1	.1	---	---
Mortgages with interest over-due more than 3 months:					
Number-----	223	550	342	53.4	-37.8
Percent of total-----	.1	.3	.2	---	---
Principal indebtedness-----1,000 dollars--	4,359	12,108	7,887	80.9	-34.9
Percent of total-----	.2	.4	.3	---	---
Mortgage-loan commitments during quarter:					
Number-----	3,689	4,910	4,573	24.0	-6.9
Amount:					
Total-----1,000 dollars--	98,162	140,854	142,001	44.7	.8
Average-----dollars--	26,610	28,690	31,050	16.7	8.2

1/ Includes increase in principal indebtedness of mortgages already owned for 2 companies.

2/ 19-company data. 2 companies did not separate principal of farm mortgages acquired and increase in principal of mortgages already owned.

3/ Includes principal payments on farm mortgages not paid in full for 2 companies.

4/ 19-company data. 2 companies did not separate principal payments on mortgages paid in full from payments on other mortgages not paid in full.

5/ Because of consolidation and/or splitting of loans, there was a net decrease of 2 loans in the third quarter of 1960 and 4 loans in the second and third quarters of 1961, respectively.

6/ Less than 0.05 percent.

Table 2.- Life insurance companies: Purposes of farm-mortgage-loan commitments, 20 companies, United States, selected quarters, 1960 and 1961

Item	Quarter ending-				
	Sept. 30,	Dec. 31,	Mar. 31,	June 30,	Sept. 30,
	1960	1960	1961	1961	1961
	1,000	1,000	1,000	1,000	1,000
	dollars	dollars	dollars	dollars	dollars
Amount of commitments-----	98,112	137,428	162,621	140,848	141,722
Percentage of total funds committed for-	Percent	Percent	Percent	Percent	Percent
Farm real estate purchases-----	30.5	30.7	31.2	30.5	30.3
Refinancing 1/-					
Mortgages held by-					
Own company-----	14.8	18.8	20.9	20.1	20.8
Others-----	14.1	13.6	14.4	12.7	11.4
Total-----	28.9	32.4	35.3	32.8	32.2
Other indebtedness-----	18.8	16.4	20.0	19.5	18.4
Total refinancing--	47.7	48.8	55.3	52.3	50.6
Repairs and improvements to land and buildings-----	7.9	7.6	5.5	7.3	9.0
Other purposes:					
Known-----	13.7	12.9	8.0	9.9	9.9
Unknown-----	.2	2/	2/	2/	.2
All purposes-----	100.0	100.0	100.0	100.0	100.0

1/ Distribution between mortgages held by own company and by others estimated for 2 companies; distribution of debt refinancing between real estate mortgages held by others and other indebtedness estimated for another.

2/ Less than 0.05 percent.

Table 3.- Life insurance companies: Interest rates on farm-mortgage-loan commitments, July 1 through Sept. 30, 1961 ^{1/}

Interest rate (percent)	Loans		Amount		Average size of loan
	Number	Percentage distribution	Total	Percentage distribution	
		Percent	Dollars	Percent	Dollars
Less than 5-----	2	0.1	13,534	2/	6,770
5-----	22	1.0	1,066,000	1.3	48,450
5 1/4-----	28	1.2	698,100	.8	24,930
5 1/2-----	753	33.2	17,877,673	20.8	23,740
5 3/4-----	415	18.3	15,591,300	18.1	37,570
6-----	893	39.4	44,668,309	51.9	50,020
6 1/4-----	67	3.0	2,515,680	2.9	37,550
6 1/2-----	78	3.4	2,779,950	3.2	35,640
6 3/4 and over---	8	.4	822,000	1.0	102,750
Total-----	2,266	100.0	86,032,546	100.0	37,970

^{1/} The weighted average interest rate, based on 2,750 loans and a total amount committed of \$95,214,946 is 5.847 percent.

^{2/} Less than 0.05 percent.

Table 4.- Federal land banks: Farm-mortgage loans, United States, July 1 through Sept. 30, 1960 and 1961 ^{1/}

Item	1960	1961	Percentage change
			Percent
Loans outstanding, July 1: ^{2/}			
Number-----	376,371	379,958	1.0
Amount-----1,000 dollars--	2,487,068	2,727,547	9.7
Average-----dollars--	6,600	7,180	8.8
Loans closed: ^{3/}			
Number-----	8,740	9,941	13.7
Amount-----1,000 dollars--	101,370	131,495	29.7
Average-----dollars--	11,600	13,230	14.1
Decrease in loans (net):			
Number-----	8,675	9,316	7.4
Amount-----1,000 dollars--	60,165	75,130	24.9
Average-----dollars--	6,940	8,060	16.1
Loans outstanding, Sept. 30: ^{2/}			
Number-----	376,436	380,583	1.1
Amount-----1,000 dollars--	2,528,273	2,783,912	10.1
Average-----dollars--	6,720	7,310	8.8

^{1/} Includes Puerto Rico.

^{2/} Includes purchase-money mortgages, sales contracts, etc., and excludes loans called for foreclosure.

^{3/} Gross number and amount of all loans closed, including new loans that replaced old loans, and loans canceled prior to disbursement of loan proceeds.

Farm Credit Administration, Accounting and Budget Division.

Table 5.- Farmers Home Administration: Direct farm-ownership and farm-housing loans, United States, selected quarters, 1960 and 1961 1/

Item	Quarter ending-			Percentage change, quarters ending-	
	Sept. 30, 1960	June 30, 1961	Sept. 30, 1961	Sept. 30, 1960, and Sept. 30, 1961	June 30, and Sept. 30, 1961
				Percent	Percent
<u>Beginning of Quarter</u>					
Mortgages owned:					
Number-----	60,451	63,693	65,256	7.9	2.5
Principal indebtedness---1,000 dollars--	433,346	470,305	487,281	12.4	3.6
<u>During Quarter</u>					
Mortgages acquired:					
Number-----	1,710	2,283	3,407	99.2	49.2
Principal indebtedness---1,000 dollars--	16,545	21,830	31,874	92.7	46.0
Increase in principal of mortgages already owned-----1,000 dollars--	1,500	1,882	2,038	35.9	8.3
Payments on principal of mortgages:					
Mortgages paid in full:					
Number-----	511	692	579	13.3	-16.3
Amount-----1,000 dollars--	2,078	3,275	2,506	20.6	-23.5
Other-----do-----	2,428	3,351	2,547	4.9	-24.0
Total-----do-----	4,506	6,626	5,053	12.1	-23.7
Percent of principal indebtedness, beginning of quarter-----	1.0	1.4	1.0	---	---
Mortgages on farm properties acquired by foreclosure and voluntary conveyance:					
Number-----	60	23	36	-40.0	28.6
Principal indebtedness---1,000 dollars--	226	110	182	-19.5	65.5
<u>End of Quarter</u>					
Mortgages owned:					
Number-----	61,590	65,256	68,048	10.5	4.3
Principal indebtedness---1,000 dollars--	446,659	487,281	515,958	15.5	5.9
Mortgages behind schedule in regard to amortization payments:					
Number-----	3,918	4,142	3,629	-7.4	-12.4
Percent of total-----	6.4	6.3	5.3	---	---
Principal indebtedness---1,000 dollars--	31,435	34,238	30,618	-2.6	-10.6
Percent of total-----	7.0	7.0	5.9	---	---

See footnotes at end of table.

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Table 5.- Farmers Home Administration: Direct farm-ownership and farm-housing loans, United States, selected quarters, 1960 and 1961 ^{1/} -Continued

Item	Quarter ending-			Percentage change, quarters ending-	
	Sept. 30, 1960	June 30, 1961	Sept. 30, 1961	Sept. 30, 1960, and Sept. 30, 1961	June 30, and Sept. 30, 1961
<u>End of Quarter</u> -Continued				<u>Percent</u>	<u>Percent</u>
Mortgages in process of foreclosure:					
Number-----	69	64	68	-1.4	6.2
Percent of total-----	.1	.1	.1	---	---
Principal indebtedness---1,000 dollars--	707	712	731	3.4	2.7
Percent of total-----	.2	.1	.1	---	---
Mortgage-loan commitments during quarter: ^{2/}					
Farm-ownership loans:					
Number-----	811	84	1,316	62.3	^{3/}
Amount:					
Total-----1,000 dollars--	13,322	1,424	21,691	62.8	^{3/}
Average-----dollars--	16,430	16,950	16,480	.3	-2.8
Farm-housing loans:					
Number-----	1,367	3,634	1,753	28.2	-51.8
Amount:					
Total-----1,000 dollars--	11,102	30,970	14,552	31.1	-53.0
Average-----dollars--	8,120	8,520	8,300	2.2	-2.6

^{1/} Data for 48 States only. Separate data for farm-ownership and farm-housing loans are available upon request.

^{2/} Initial loans obligated.

^{3/} More than 500 percent.

Farmers Home Administration.

Table 6.- Farmers Home Administration: Purposes of farm-mortgage-loan commitments, direct farm-ownership loans, United States, selected periods, 1959 through 1961 1/

Item	July 1 to Sept. 30, 1959	July 1 to Sept. 30, 1960	July 1 to Sept. 30, 1961
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Percentage of total funds committed for-			
Farm real estate purchases-----	64	42	38
Refinancing-			
Mortgages held by-			
Farmers Home Administration---	0	0	1
Others-----	17	34	37
Total-----	17	34	38
Other indebtedness-----	0	6	5
Total refinancing-----	17	40	43
Repairs and improvements to land and buildings-----	19	17	18
Other purposes:			
Known-----	0	1	1
Unknown-----	0	0	0
All purposes-----	100	100	100

1/ Data for 48 States only.

Farmers Home Administration.